

Legislative Analysis



INSURANCE PENALTIES

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House Bill 4328

Sponsor: Rep. Paul Condino

Committee: Insurance

Complete to 3-21-07

A SUMMARY OF HOUSE BILL 4328 AS INTRODUCED 2-27-07

The bill would amend the Insurance Code to increase the penalties for engaging in prohibited methods of competition and unfair or deceptive acts. (The prohibitions are listed in the code.) Currently, there is a general monetary penalty of up to \$500 per violation not to exceed an aggregate of \$5,000. This would increase under House Bill 4328 to \$1,000 per violation, up to \$10,000 in aggregate.

The code also contains a higher penalty if the violator knew or should have known he or she was in violation. Currently, that penalty is \$2,500 per violation, up to an aggregate of \$25,000 over a six-month period. Under House Bill 4328, this would increase to \$5,000 per violation, up to a six-month aggregate of \$50,000.

In addition to these penalties, the commissioner of insurance can issue cease and desist orders, can suspend or revoke licenses and certificates, and can require refunds of overcharges.

MCL 500.2038

FISCAL IMPACT:

The bill will increase General Fund restricted purpose revenue by an indeterminate amount.

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